



McKeachnie & Allred, P.C.

Attorneys & Counselors

Offices in Vernal & Roosevelt

363 East Main Street
Vernal, Utah 84078
801-789-4908
Fax # 789-4918

865 East 200 North (112-10)
Roosevelt, Utah 84066
801-722-3928
Fax # 722-3920

December 17, 1992

Reply to:

Vernal

Mr. Anthony Gallegos
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Reclamation Contract - Ziegler Chemical

Dear Mr. Gallegos:

Enclosed please find Ziegler Chemical's Reclamation Contract pursuant to your request in your letter dated November 18, 1992.

Mr. Haslem has informed us that Mr. Bill Hyland with the New York Office forwarded the revised surety in the amount of \$89,500.00 directly to your office along with the irrevocable Letter of Credit. You also requested an updated summary listing of the mine sites. Mr. Haslem indicated to us that he called you several weeks ago and provided you with an update on the different sites and told us that a written response from our office will not be necessary.

We trust that Ziegler Chemical has met your requirements in this permitting action and that the surety will be presented to the Board of Oil, Gas and Mining in January for approval. Should you have further questions, please do not hesitate to contact our office.

Very Truly Yours,

McKEACHNIE & ALLRED

Gayle F. McKeachnie

VW

cc: J. Blake
N. Haslem
B. Hyland

RECEIVED

DEC 18 1992

DIVISION OF
OIL GAS & MINING

File Number M/047/013
Effective Date 1-28-93

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED

DEC 18 1992

DIVISION OF
OIL GAS & MINING

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/013
(Mineral Mined) GILSONITE

"MINE LOCATION":
(Name of Mine) ZIEGLER GILSONITE MINES
(Description) UNDERGROUND MINES IN UINTAH COUNTY, UT

"DISTURBED AREA":
(Disturbed Acres) 8.55 + 12.00 = 20.55 acres
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) ZIEGLER CHEMICAL & MINERAL CORPORATION
(Address) 100 JERICHO QUAD
JERICHO, NY 11753
(Phone) 516-681-9600

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

McKEACHNIE & ALLRED

GAYLE F. McKEACHNIE

363 EAST MAIN

VERNAL, UT 84078

801-789-4908

"OPERATOR'S OFFICER(S)":

GORDON ZIEGLER, JR., PRESIDENT

T. DIBARTOLOMEO, VICE PRESIDENT

NORMAN HASLEM, MANAGER, VERNAL, UTAH
OFFICE

"SURETY":

(Form of Surety - Exhibit B)

Irrevocable Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

National Westminster Bank, USA

"SURETY AMOUNT":

(Escalated Dollars)

\$89,500.00

"ESCALATION YEAR":

1997

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between ZIEGLER CHEMICAL the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/013 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies

resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

NORMAN HASLEM, ZIEGER CHEMICAL & MINERAL CORPORATION

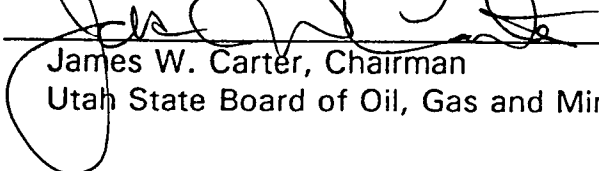
Authorized Officer (Typed or Printed)

Norman Haslem
Authorized Officer's Signature

Dec. 17, 1992
Date

SO AGREED this 27th day of January, 19 93.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

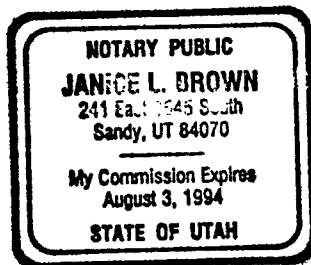
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Acting Director

1-28-93
Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 28th day of JANUARY, 19 93, personally
appeared before me, who being duly sworn, did say that he/she, the said
LOWELL P. BRAXTON is the Acting Director of the
Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah,
and he/she duly acknowledge to me that he/she executed the foregoing document
by authority of law on behalf of the State of Utah.



Janice L. Brown
Notary Public
Residing at: Sandy, Utah

August 3, 1994
My Commission Expires:

OPERATOR:

ZIEGLER CHEMICAL & MINERAL CORPORATION

Operator Name

By NORMAN HASLEM, MANAGER
Corporate Officer - Position

Dec. 17, 1992
Date

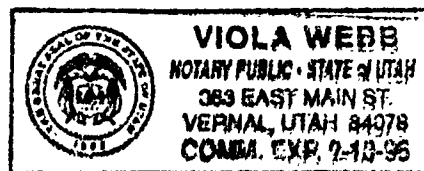
Norman Haslem
Signature

STATE OF UTAH)
) ss:
COUNTY OF UINTAH)

On the 17 day of December, 1992, personally
appeared before me NORMAN HASLEM who
being by me duly sworn did say that he/~~she~~, the said NORMAN HASLEM
is the MANAGER of ZIEGLER CHEMICAL, VERNAL OFFICE
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
NORMAN HASLEM duly acknowledged to me that said
company executed the same.

Viola Webb
Notary Public
Residing at: Vernal, Utah

2-10-96
My Commission Expires:



SURETY:

Surety Company

*42
HOC
)
doesn't
require this
surety page
to be signed.*

By _____
Company Officer - Position

Date

Signature

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19 _____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public
Residing at: _____

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

ATTACHMENT "A"

ZIEGLER CHEMICAL & MINERAL CORP.

ZIEGLER GILSONITE MINES

Operator

Mine Name

M/047/013

UINTAH

County, Utah

Permit Number

The legal description of lands to be disturbed is:

| Name | Legal Description | Acres |
|-------------------|------------------------------------|-------|
| Independent 3 | T9S, R24E, Sec. 16: SE1/4 of NE1/4 | 1.38 |
| Independent 4 | T9S, R24E, Sec. 16: SW1/4 of NE1/4 | 1.41 |
| Little Bonanza 3 | T9S, R24E, Sec. 16: SW1/4 of SE1/4 | 1.14 |
| Little Bonanza 8 | T9S, R24E, Sec. 16: SE1/4 of SE1/4 | 1.00 |
| Little Bonanza 11 | T9S, R24E, Sec. 22: NE1/4 of NW1/4 | 1.01 |
| Little Bonanza 12 | T9S, R24E, Sec. 22: NE1/4 of NW1/4 | 1.51 |
| Little Emma 1 | T9S, R24E, Sec. 30: SE1/4 of SE1/4 | 1.10 |

8.55 acres

Processing Facilities:

12.00 acres

3 acres in T9S, R24E, Sec. 22:
NW1/4 of NW1/4; 5 acres in
T9S, R24E, Sec. 15: SW1/4 of SW1/4;
4 acres in T9S, R24E, Sec. 16:
SW1/4 of SE1/4.

20.55 acres